

## FRANCHISE BUSINESS STRATEGY PLAYGROUP, KINDERGARTEN, AND DAY CARE IN CERDAS CERIA BY USING QSPM AND BENCHMARKING METHOD

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### Abstract

Cerdas Ceria School is an educational institution in the field of early childhood education located on Jl. Trs. Martanegara No.22, Bandung. The competitiveness in the field of education requires schools expand the right business strategy to improve the quality. This study analyzed and formulated the right franchise business strategy for Cerdas Ceria School. The approach used in determining the right franchise business strategy is the Quantitative Strategic Planning Matrix (QSPM) method. The stages of this study begin with the identification of external and internal factors of the school and their effects on the strategy formulation process in the form of weighting results on EFE matrix and IFE matrix. Based on the results of the total weighting of EFE matrix and IFE matrix, it was discovered that the company's position was based on the external and internal factors of the school in the Internal-External (IE) matrix which served as the basis for formulating alternative strategies on the SWOT matrix. Then QSPM analysis was applied to evaluate several alternative strategic choices objectively to get the best strategy. The QSPM matrix was also able to decide the best priority strategy. The franchise design was made using benchmarking methods as the basis of a franchise cooperation program for Cerdas Ceria School.

Keywords: Franchise Business Strategy, EFE Matrix, IFE Matrix, IE Matrix, SWOT Matrix, QSPM, Benchmarking.

### 1. Introduction

Nowadays franchising is an easy business to run. Franchising has a low level of risk but has a very high success rate. Cerdas Ceria want to develop a franchise business because utilizing existing networks for business expansion and expansion faster, easier and cheaper than organic growth, using other people's capital to develop businesses and expand service coverage, able to have techniques to accelerate market penetration and market share, reduce business risks at once dividing profits with people who buy franchises, new sources of income such as fees, royalties and training fees which are passive income, and able to increase turnover and business rounds of franchisees, simplify the process of regulation, management and supervision because each branch has its own management and is supervised by franchisees. To invest with franchise business because the management model offered gives the flexibility what customer needs. Franchise business also can help better manage cash flow in the initial growth phase, and the management model allows us to own the business without worrying about day-to-day operations, and also the chances are to build the franchise in the preschool sector is fairly recession

proof and stable, which makes for a good to invest in amidst the global market turmoil (Audrey Tan, 2017).

Kolompok Umur Age Group	Jenis Kelamin/Sex		Jumlah Total
	Laki-laki Male	Perempuan Female	
-1	-2	-3	-4
0-4	104 902	100 864	205 766
5-9	98 508	93 126	191 634

Figure I. 1 Number of Population by Age Group and Gender in Bandung City 2016

(Source: Central Bureau of Statistics 2016)

Based on Figure I.1, the number of early child hood in 2016 according to the Central Bureau of Statistics of the City of Bandung has a total of 205,766 people while the number of early child hood in the city of Bandung registered according to the Ministry of Education and Culture in 2017 has a total of 668 people. This shows that there are still many early child who have not attended school and the number of children is very inversely proportional to the availability of early childhood schools in Bandung.

Table I.2 Statistics Data of pre School in West Java

No.	District/ City	Kindergarten		
		Public	Private	Total
<b>TOTAL</b>		90	15,592	15,682
1	Kab. Bogor	1	1,065	1,066
2	Kab. Sukabumi	3	535	538
3	Kab. Cianjur	5	445	450
4	Kab. Bandung	1	1,250	1,251
5	Kota Bandung	3	672	675

(Source: Ministry of Education and Culture)

Based on the statistical data in the figure above, there are 3 schools in Bandung, while 672 in private schools. This is inversely proportional to the number of schools in Bandung regency, there are as many as 1 school and private school level as many as 1,250 schools. This shows very significant data because more schools exist in Bandung district than in Bandung, where the population of the city of Bandung is more than the

district of Bandung. Such events are of particular concern for Cerdas Ceria schools because every day many early childhood children want to go to school but become unable to go to school because of the possible distance of schools far from each child's home or the quality of private or public schools that do not meet standards. Therefore, Cerdas Ceria wants to create a new school by using a business franchisee strategy so that every child in the city of Bandung can go to school with quality that meets standards and is feasible.

## 2. Literature Review

### 2.1. Franchise Business

Franchise is the granting of the right to use a business license to sell products or services in accordance with the agreement between the franchisor and the franchisee which has become a standardization of a business. The franchisee is authorized to run a business using a trademark that includes trade names, logos, designs, copyrights, trade secrets, and also patents in a company. The main purpose of franchising is as a marketing strategy to develop business networks by meeting consumer needs. Initial collaboration to develop franchise businesses such as site selection, building plans, equipment purchases, work flow patterns, employee selection, bookkeeping, recording and accounting, consulting, standardization, promotion, quality control, research, legal advice, and capital sources. The reward given by the franchisee is being able to pay the initial fee and royalties agreed upon in the agreement by both parties.

### 2.2. QSPM (Quantitative Strategic Planning Matrix)

According to David (2011: 224), QSPM determines the attractiveness of various strategies built on important internal and external success factors. The relative attractiveness of each strategy in a series of alternatives is calculated by determining the

cumulative impact of each important internal and external success factor. Whatever the set of alternative strategies can be included in the QSPM, and whatever strategies can be included in each of these sets, only the strategies in a particular series are evaluated relative to one another. Relative attractions of strategies are expressed in this matrix. Using this method, various strategies could be objectively investigated, the best ones could be characterized and executive strategies are prioritized. Simultaneous investigation a set of strategies and integrative placing of all internal and external (Givarian, Samani, and Ghorbani, 2013: 665).

The QSPM method is the only analytical technique designed to determine the attractiveness and choice of alternative actions that are feasible to develop, and an evaluation of the choice of strategies can be done objectively. Then key factors and strategies can be considered sequentially or together with the absence of limits on the number of strategies evaluated and the integration of relevant internal and external factors into the decision making process so that the possibility of neglected key factors is very small and can be applied to any type of organization.

**2.3. Benchmarking**

Benchmarking is to find the right and successful strategies to be applied, selected and developed to a company or business agency that is being run or to be created. The reason for the writer to use this benchmarking method is to be able to compare companies in related fields to improve the quality of the company such as analyzing business models that can be applied to the company, analyzing how the company remains competitive and lasts longer.

**3. Conceptual Model**

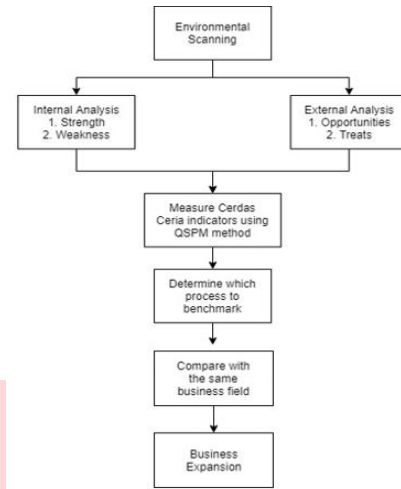


Figure 3. 1 Conceptual Model

Based on figure III.1 describes the stages in running a franchise business strategy with the QSPM method and benchmarking. In the early stages, environmental scanning was carried out which included internal factors which included strength and weakness, then external factors which included opportunities and threats. In the next stage, identify performance indicators from Cerdas Ceria School. Next, go to the benchmarking stage by measuring performance from the two educational institutions between Al Azhar school, High Scope Indonesia and Cerdas Ceria School by comparing the three schools. After this step, explain what processes must be benchmarked. Then the last stage was to identify the two educational institutions.

**4. Research Result and Discussion**

**4.1 QSPM Data Processing**

a. EFE (External Factor Evaluation) Analysis

The following is the calculation result opportunity and threat based on the multiplication of the weights and rating with EFE Matrix.

Table 4.1 EFE Matrix Analysis

Code	External Factor			
	Opportunity	Weight	Rating	Score
O1	The growth of the school franchise business in Indonesia is increasing and very good	0.1986	3.00	0.5958
O2	The contribution of schools in Indonesia to the economy in Indonesia is very influential	0.1930	3.33	0.6434
O3	Good environmental response with the presence of Cerdas Ceria School	0.131997	3.67	0.48399
O4	A supportive environment for the development of a franchise business that will be developed by Cerdas Ceria School	0.1205	4.00	0.4820
O5	Adequate ICT infrastructure from Cerdas Ceria School to develop a school franchise business	0.0921	3.67	0.3376
O6	The influence of social media is very good in the name of Cerdas Ceria School	0.0850	3.33	0.283307
Threat				
T1	The reach of the Cerdas Ceria School business market that affects customers	0.0541	2.67	0.144164
T2	Website that is still under development	0.1247	2.00	0.2495
TOTAL		1		3.2198

Based on the total matrix EFE score of 3.2198 it can be concluded that Cerdas Ceria School can respond to opportunities and threats very well and the score is above the average, where the average score is 2.5. Cerdas Ceria School can take advantage of opportunities and be able to avoid threats that come from the external environment. Indicator tertinggi dari opportunity based on the table above that is 0.6434, this shows that the contribution of schools in Bandung to the economy in Indonesia is very influential on the

making of franchises conducted by Cerdas Ceria School. This can be a motivation for Cerdas Ceria to be able to compete with other schools in Bandung and surrounding areas.

Meanwhile, the indicators obtained from the threat level are the website systems that are still in the development stage getting a score of 0.2495. The Cerdas Ceria website itself has actually been made but its use is still not effective, therefore the school must immediately develop the website system to make it more attractive and its use more maximized so that it attracts more customers from students who want to go to Cerdas Ceria or customers who want to buy franchise business that is being run. If the school continues to delay its work to further develop the existing website system, it is very possible that this school will be left behind from other schools in Bandung and surrounding areas that have maximized the website system they have.

b. IFE (Internal Factor Evaluation) Analysis

The following is the calculation result strength and weakness based on the multiplication of the weights and rating with IFE Matrix.

Table 4.2 IFE Matrix Analysis

Code	Internal Factor			
	Strength	Weight	Rating	Score
S1	Internal programs that have run well	0.0820	3.33	0.2734
S2	Cerdas Ceria manager role that is good for developing a school franchise business	0.0930	3.33	0.3099
S3	The marketing program for the development of the school franchise business has	0.0819	4.00	0.327684

	been carried out			
S4	Cerdas Ceria have financial management that works well	0.0845	3.67	0.3098
S5	Investment in the development of the school franchise business that has been carried out	0.0818	4.00	0.3273
S6	The program execution process is running well	0.0856	3.00	0.2569
S7	There is monitoring in executing the program	0.0843	4.00	0.3372
S8	There is a permit to establish a school from the government	0.0903	3.67	0.3311
S9	Having legality of business establishment	0.0878	4.00	0.3513
Weakness				
W1	The teacher's experience in teaching is still minimal	0.0686	1.00	0.0686
W2	The lack of collaboration with banks for Cerdas Ceria School franchise business investment	0.0772	1.33	0.1029
W3	Not yet realized the franchise business from Cerdas Ceria School	0.0830	1.67	0.1383
TOTAL		1		3.1344

strength possessed is still far greater than the weakness of internal factors. The power indicator that has the highest score is the ownership of business legality owned by Cerdas Ceria School. This shows that with the power of having business legality facilitating the program to be carried out by the school without any obstacles. In addition, according to Cerdas Ceria School speakers, the legality of establishing a foundation is thus an important factor so that franchisees and children who want to go to school are increasingly interested and have more points in their eyes. Furthermore, it can be seen from the weakness indicators are the realization of the franchise business from Cerdas Ceria School with a score of 0.1383, thus it must be realized so that the business franchise development that will be carried out by Cerdas Ceria can run in accordance with the cooperation program that has been made. As for several factors for the development of this business franchise can run well such as promotions that must be further improved in order to be better known and can convince franchisees to be able to cooperate in developing a franchise business conducted by Cerdas Ceria School.

c. IE (Internal External) Matrix

After obtaining the total score on the EFE Matrix of 3.2198 and the total IFE score of 3.1344. Then the results can be used to assess the IE matrix so that Cerdas Ceria School can be done to determine the right strategy.

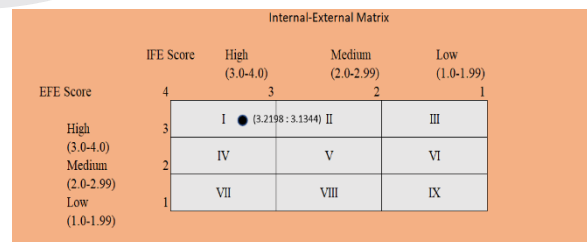


Figure 4.1 IE Matrix

Based on the total IFE matrix of 3.1344, it can be concluded that Cerdas Ceria School is above the average midpoint score of 2.5. This shows that the

Based on the results of the IE Matrix above, we can know that the company's position is in cell I, it can be

concluded that this is described as a grow and build. Which is where a suitable strategy for Cerdas Ceria School is Intensive (market penetration, market development and product development) or Integration (backward integration, forward integration and horizontal integration).

d. QSPM Method

Based on the results of calculations using the SWOT Matrix, 7 alternative strategies were entered into the QSPM then calculated the Total Attractive Score.

Table 4.3 TAS Score

Strategy	Strategy description	TAS Score
Strategy 1	Making social media a medium for promoting Cerdas Ceria School	6.1088
Strategy 2	Create a new collaboration program to attract prospective franchisees	6.8800
Strategy 3	Improve the quality of internal programs from Cerdas Ceria School to attract franchise buyers	6.5863
Strategy 4	Looking for experienced teachers and employees	6.5797
Strategy 5	Creating an interactive website system	7.2507
Strategy 6	Accrediting schools	7.7838
Strategy 7	Add partners to find potential franchisees	7.2479

Alternative strategies are obtained from SWOT analysis where there are several alternative strategies through the formulation of Strength - Opportunity, Strength - Threat, Weakness - Opportunity and Weakness - Threat. With this QSPM matrix alternative strategies can be prioritized by sorting them according to their importance. Weighting on each of the internal and external factors used in the QSPM matrix is the same as the weight previously valued in the IFE and EFE matrices.

4.2. Benchmarking Data Processing

In making comparisons or benchmarking there are several stages starting from data collection, planning and determining variables and the decision to determine variable values from the benchmarked data. Al-Azhar Islamic School and HighScope Indonesia became a benchmark object for Cerdas Ceria School to develop a school franchise business. Data that wants Cerdas Ceria School benchmarks include royalty fees, forms of cooperation and number of franchise branch.

a. Royalty Fee

Table 4.4 Royalty Fee

Franchise	Royalty Fee
Al-Azhar Islamic School	≤ 10 %
Cerdas Ceria School	50 %
High Scope Indonesia	5 % - 6 %

Source: <http://arsip.gatra.com/2004-05-27/majalah/artikel.php?pil=23&id=37637> (accessed on 29 June 2019) and internal data of Cerdas Ceria School

Based on the table above it can be seen that Al-Azhar Islamic School has a royalty fee of less than 10% because the form of cooperation is managed jointly with other foundations by implementing the entire educational system that applies in the central Al-Azhar. High Scope Indonesia sets a royalty fee of 5% - 6%, franchisees who work together must provide royalties every three months. Whereas Cerdas Ceria School has a royalty fee of 50% because this school is just starting a franchise business so that this is done to attract the attention of prospective franchisees. The cooperation system that is implemented is in accordance with the program standards set by Cerdas Ceria School.



b. Forms of Cooperation

Table 4.5 Forms of Cooperation

School Name	Forms of Cooperation
Cerdas Ceria School	1. Full Cooperation
High Scope Indonesia	1. Full Cooperation
Al-Azhar Islamic School	1. Full Cooperation
	2. Guided Cooperation

Source: <http://www.al-azhar.or.id> (accessed on 29 June 2019), <http://www.highscope.or.id/> (accessed on 1 July 2019) and internal data of Cerdas Ceria School.

The forms of cooperation applied to Al-Azhar are two, namely full cooperation and guided cooperation. Where, for full cooperation, it is managed directly by the Al-Azhar Islamic School foundation while guided cooperation is a collaboration that is managed jointly with other foundations. High Scope Indonesia and Cerdas Ceria School has just implemented a form of cooperation, namely full cooperation. In order to be able to add cooperation partners in making franchises, it is better to also implement forms of cooperation cooperation. Because with guided cooperation Cerdas Ceria School can also collaborate with other foundations.

c. Number of Franchise Branch

Table 4.6 Number of Franchise Branch

School	Franchise Branch
Cerdas Ceria School	-
HighScope Indonesia	10 School
Al-Azhar Islamic School	28 School

Source: <http://majalah.gatra.com/2004-05-28/majalah/artikel.php?pil=23&id=37637> (accessed on 1 July 2019) and internal data of Cerdas Ceria School

Based on the table above, it can be seen that Al-Azhar Islamic School has 28 franchise branches in Indonesia. Then the High Scope Indonesia has 10 branches of school franchises that exist in Indonesia and that does not include schools in the United States. Whereas Cerdas Ceria School does not yet have a school franchise branch. So this must be a motivation for Cerdas Ceria School to be able to find franchise buyers so they can immediately realize the business franchise that Cerdas Ceria School has made.

5. Conclusion

After calculating using EFE and IFE Matrix then entered into the IE Matrix, then merging the strategy using the SWOT Matrix, after obtaining the selected strategy calculated the Attractive Total Score using QSPM and the latter benchmarking the two schools in the business sector to produce the expected new strategies in implemented by Cerdas Ceria School. The additional information that will be included in Cerdas Ceria School is the addition of forms of cooperation, the addition of website admin staff and social media, then the inclusion of capital costs and school operations. The thing that underlies the addition of this cooperation proposal is based on the merger of two methods, namely QSPM and benchmarking. With these two methods so that getting a business strategy that is interesting and can be taken into consideration by Cerdas Ceria School to immediately get a collaborative partner and business franchise is immediately realized. The following is a combination of franchise cooperation proposals with the addition of new information.

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